# OSDBU UPDATE

Department of Veterans Affairs

October 1998

#### **Notes from Scott**

This October, VA is participating in the 1998 National Disability Employment Awareness Month, whose theme is "Opening Doors to Disability." I am proud of the work that OSDBU's Veterans Outreach Team has done in partnering with VBA to encourage establishment of disabled veteran-owned businesses and the work of all of VA's Small Business Specialists in identifying requirements to be performed by disabled veteran-owned businesses. Please see the article in this issue on the Veterans Mean Business initiative.

Also this month, we recognize a meaningful milestone for OSDBU. Twenty years ago on October 24, 1998, the President signed Public Law 95-507, following years of advocacy by a coalition of minority trade associations and struggling minority business owners. The legislation promoted partnerships between the Federal government, major corporations and small and small disadvantaged businesses to improve their contributions to the nation's Gross National Product. The key features of the law include:

- Establishing an Office of Small and Disadvantaged Business Opportunity in each Federal agency.
- Requiring <u>formal</u> subcontracting plans from prime contractors who are other than small businesses, at certain dollar thresholds (\$500K for awards except construction which is \$1M)
- Establishing minimum goals for subcontracting to small businesses at 20% and small disadvantaged businesses at 5% of total requirements subcontracted.

(The Federal Acquisition Streamlining Act passed in 1994 established a 5% minimum subcontracting goal for womenowned small businesses and the recent HUB Zone legislation, not yet in effect, includes a requirement for subcontracting with HUB Zone small businesses.)

In next month's <u>OSDBU Update</u>, we'll review accomplishments by these business groups since passage of the legislation. This month, we celebrate the beginning of a new Fiscal Year, the opportunity to review and renew our collective commitment to supporting small businesses and to enhancing communications throughout our VA system.

Happy New Year,

Scott Denniston

#### INSIDE THIS ISSUE

- 2 SDB Participation Program, Part II
- 2 Veterans Mean Business Outreach Initiative
- 3 FY 1999 Forecast of Business Opportunities
- 4 SBA Awards Program

## SMALL BUSINESS BUILDS AMERICA!

## SDB Participation Program – Negotiations

by Gail Wegner

Last month, <u>OSDBU Update</u> detailed sealed bidding procedures for this new procurement preference program. Basically, in sealed bidding, there is one authorized procurement mechanism for Fiscal Year 1999, use of the <u>Price Evaluation Adjustment</u> (PEA). The use of the PEA is authorized for solicitations issued after October 1. Since publication of that article, we transmitted via MS Outlook, a worksheet to VA's Small Business Specialists to help you in collecting report data for this program. Also, FAC #97-08 was released on September 30. This change provides guidance on the PEA with emphasis on construction requirements.

The SDB Participation Program will apply to negotiated requirements exceeding \$500,000 or construction exceeding \$1,000,000. We have recently learned that Federal Supply Schedule solicitations are exempt from the SDB Participation Program (thanks Kirsten Palmer of NAC for forwarding GSA's guidance!). The exemptions identified last month apply in negotiations as well. Remember, if you are reserving the requirement for 8(a) or setting it aside for small business, the SDB Participation Program will not apply.

In negotiated solicitations, there are three authorized procurement mechanisms. The PEA will be applied in "technically acceptable, lowest price" award plans. If factors other than price will determine the awardee, the contracting officer should choose one of the remaining two mechanisms. These are described in FAC #97-07 and are effective for solicitations issued after January **1, 1999**. The first is an Evaluation Factor or Subfactor for SDB Concerns in which the contract team will consider the extent to which SDB firms are specifically identified in the offeror's proposals; the extent of the offeror's commitment to use such firms, the complexity and variety of work the SDBs are to perform; the offeror's past performance in complying with subcontracting plan goals, monetary targets for SDB participation and the extent of SDB firms' participation in terms of the total dollar value of the contract.

FAC #97-07 requires that offerors provide targets, expressed in dollars and percentage of total contract value in each of the applicable SIC groups and a total target for SDB participation. The solicitation must state that any targets will become a part of the contract. If the offeror receives credit for identifying SDB concerns in the proposal, those firms identified also become part of the contract and substitution is not permitted without the contracting officer's prior approval.

The other approved procurement mechanism is the use of a Monetary Subcontracting Incentive Clause for SDB Concerns. In this case, incentives will be based on actual achievement, not on proposed targets for SDB subcontracting. The incentive fee may range from 0-10% of the excess of the monetary target, unless the CO determines the excess was not due to the contractor's efforts. This is separate and distinct from the establishment, monitoring and enforcement of SDB subcontracting goals in a subcontracting plan.

In negotiated requirements, when a SDB receives a benefit based upon its SDB status, the Contracting officer shall notify offerors of the apparently successful offeror prior to award. Offerors may challenge the disadvantaged status of the offeror. When this happens, the contracting officer refers the matter to the Small Business Administration for a determination. A contracting officer may proceed with award if delay would damage the Government.

## <u>Veteran-owned Business Outreach</u> <u>Program</u>

by Ramsey Alexander and Ilene Waggoner

As you know, the Department of Veterans Affairs is the only Federal agency which promotes business opportunities with veteran-owned businesses through procurement goaling and advocacy. Advocacy includes outreach - going into communities across the nation, identifying businesses and educating them about how to sell to VA. The Office of Small and Disadvantaged Business Utilization (OSDBU) has worked with the VA's Veterans Benefits Administration for the past two years to improve business opportunities for disabled veterans through the Veterans Mean Business programs. VA OSDBU has partnered with the VA Regional Office located in Des Moines, lowa to develop a model for these programs. The Veterans Mean Business program creates a community of veteran business owners, providing veterans with networking opportunities, and connecting veterans with business resources, markets, and other veterans. This focus has helped clients of the Vocational Rehabilitation and Counseling (VR&C) Office in Des Moines become successful entrepreneurs.

The structure of the *Veterans Mean Business* program brings veteran entrepreneurs and prospective entrepreneurs together with federal and state government, and local organizations, committed to helping transitioning veterans and veterans with a desire to run their own business.

This concept is all under the theme of "Working Together – Veterans – Government – Commerce – Industry."

Due in large part to the success of the Des Moines model, the American Legion's National Economic Commission recently agreed to promote the *Veterans Mean Business* initiative through their publications and use local community resources for the development of workshops and conferences.

During Fiscal Year 1998, OSDBU and VocRehab sponsored three conferences in Honolulu, HI, Columbus, OH, and Des Moines, IA. These conferences are essentially structured the same, except that each geographical area brings something unique or different to each Veterans Mean Business Conference.

We are currently developing our conference schedule for Fiscal Year 1999. If you are interested in hosting a conference in your community or would like to know more about this initiative, please call or email us soon. OSDBU provides support for these conferences, with local staff handling logistical arrangements.

## Forecast of Contracting Opportunities

by Ilene Waggoner

Title V of Public Law 100-656 "Business Opportunity Development Reform Act of 1988 requires each executive agency to forecast, on an annual basis, all expected contracting opportunities that small business concerns are capable of performing. Contracting activities are not to determine whether or not a small business has this capability.

In the last two years the Office of Procurement Policy has required that the Forecast be published on the Internet.

FAR 5.204(h) states that the period of time between publication of the synopsis notice and receipt of offers shall be no less than 40 days. As a plus for the contracting offices however, if the acquisitions falls within a general category identified in an annual forecast, the availability of which is published in the CBD, the contracting officer may reduce this time period to as few as 10 days. OSDBU/OA&MM will publish the required notice in the CBD by October 30, 1998.

Each year the Office of Small and Disadvantaged Business Utilization (OSDBU) has been tasked to publish a "Forecast of Contracting" opportunities. The Forecast provides information regarding what the Department of Veterans Affairs buys and whom to contract for assistance. This information is useful to the small businessperson, in selling goods and services not only to the VA, but to the VA's large prime contractors as well. It can also serve as a planning guide for a company's marketing strategy.

Each year OSDBU sends out a call for the submission of the forecast information to each of the individual procurement activities. As the VA has consolidated many of their procurement offices at the VISN level the process has become more confusing. Not all VISN's consolidate all purchasing within their VISN, and some VISNs do most of the contracting for the entire VISN. VA has over 200 procurement offices, which are required to submit forecast information.

OSDBU is in the process of developing a web based input screen that will allow the contracting offices to input information via the Internet. This will speed up the process of submitting data to central office. It will also allow data to be updated if the contracting needs at the facility change.

This year the majority of the stations had their forecast submissions in before the deadline, and the submissions were of high quality. The Office of Small and Disadvantaged Business thanks the many individuals in the procurement offices who compiled and submitted the information. We are working hard to make this process as painless and simplified as possible.

## Vital Links

Two new programs are being introduced to government contracting, the HUBZone (Historically Underutilized Business Zone) Empowerment Contracting Program and Small Disadvantaged Business Participation Program. To help you understand these new programs and find additional information, the following web sites have been set up by SBA:

- HUBZone Empowerment Contracting Program

   www.sba.gov/hubzone/
- Small Disadvantaged Business Information www.sba.gov/sdb/

## 1999 SBA Awards Program - Call for Nominations

Each year, during Small Business Week in June, the U.S. Small Business Administration recognizes outstanding performance by federal small business prime contractors. Have *you* considered submitting a nomination for one of your hardworking, ever reliable, small businesses? The process is very easy. It doesn't take long and it can get you all sorts of good will from your contractors. Plus, if your nominee gets recognized, by certificate or by award, you get invited to the ceremony (read this - free meal from SBA!!).

How do we know this? **Joyce Forker**, Contracting Officer at **VAMC Washington**, **D.C.** nominated Mills, Clagett & Wening, an AE firm for consideration. They received SBA's Administrator's Award for Excellence. The firm was so delighted, the principal, Mr. Jon Rha, visited the medical center to show the award and thank the facility Director, **Sandy Garfunkel**; the Chief of A&MMS, **Kaiser Braham**; and **all the staff** in Acquisition and Materiel Management Service.

SBA has issued the call for nominations for next year's ceremony. The submissions are due by December 4. Ten regional award winners will be selected. Nominations must be sent to the SBA Region in which the contractor is located, not the region where the work is being performed. We think that there are superior small businesses operating in every VA facility. Therefore, it should be very possible for each VISN to identify at least one contractor to be recognized. Regional or national contracting activities definitely should have submissions! By now, you should have received copies of the nominating forms and criteria from your supportive (isn't that a friendly term?) OSDBU analyst. If you have not, please email or call Gail Wegner for assistance. Please forward information copies of any nominations to OSDBU. Thanks in advance for your hard work in getting recognition for VA small businesses.

## Spotlight On: SBA's Procurement Center Representatives

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by Gail Wegner

When it comes to small business programs, it seems that a lot of different offices are interested in what VA is doing. In past issues of the OSDBU Update, we've highlighted responsibilities of internal VA officials

(Small Business Specialists and Heads of Contracting Activities). This month, we spotlight the duties of SBA's PCRs. These individuals have the ability to help or impede a contract team's progress, particularly when innovative contract strategies are being developed. The following facilities have an assigned PCR. For contracting activities which do not have an assigned PCR, the Director, OSDBU is authorized by the Federal Acquisition Regulation, to carry out the duties of SBA's PCR:

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Little Rock, AR	Leavenworth, KS	Columbia, MO	l
West Haven, CT	Topeka, KS	Jefferson Barracks, MO	l
Washington, DC	Wichita, KS	East Orange, NJ	
Hines, IL NAC	Togus, ME	Lyons, NJ	

#### The PCR shall:

Abide by VA policy regarding conduct of contracting personnel and the release of contract information.

Review proposed acquisitions to recommend: 8(a) program or small business set-aside, if not set-aside by the contracting officer; Additional small, small disadvantaged and womenowned business sources; and Breakout of components for competitive acquisitions.

Review proposed "bundled" solicitations in which the procurement strategy is to acquire the goods or services through full and open competition when the prior history shows that small business set-asides have been used, but that the magnitude of the current requirement makes it unlikely that small businesses can compete for the prime contract; or when the proposed acquisition is for construction and seeks to package or consolidate discrete construction projects and the magnitude of this consolidation makes it unlikely that small businesses can compete for the prime contract. If the PCR has recommendations for alternate contract strategies, this will be communicated to the contracting officer within 15 days after receipt of the solicitation document.

Appeal to the head of the contracting office when a contracting officer decides not to solicit a concern recommended by the SBA, when not doing so results in no small business being solicited or when the contracting officer rejects a recommendation on procurement strategy. The PCR has 2 working days to file the appeal. If the head of the contracting office supports the contracting officer's decision, the PCR may, within 1 working day, request the contracting officer to suspend action on the acquisition until the SBA Administrator appeals to the agency head, which must occur within 15 working days. If such action is taken, the PCR shall provide written notice to the

contracting officer, otherwise, it shall be deemed that the SBA request has to suspend action has been withdrawn and an appeal not taken.

Conduct periodic reviews of the contracting activity to ensure it is complying with small business policies, including reviews of purchase requisitions, procurement forecasts, subcontracting plans and systems.

Review solicitations requiring subcontracting plans and submit advisory findings to the contracting officer prior to issuance of the solicitation and within 5 working days of receipt of the material.

Review subcontracting plans submitted within 5 working days of receipt.

Evaluate compliance with subcontracting plans either on a contract-by-contract basis or, in the case of contractors having multiple contracts, on an aggregate basis.

Sponsor and participate in conferences and training to counsel small businesses in obtaining Government contracts and doing business with the Government.

Some contracting activities in other agencies have PCRs assigned to them on a full-time basis. In VA, even our highest volume activities have only part-time SBA PCR support. However, electronic messaging and telefaxes have enabled our contracting personnel to maintain close communication with their PCRs. We think it's more important than ever to establish a good working relationship with the SBA staff since we anticipate seeing the new regulations soon on consolidating requirements.

### Alexa The Great!

by Jim Dunning

Frustrated by having to keep hitting the "back" key to return to search engine listings after an unrewarding link? Always fearful that the one link not taken would have been the treasure site you've been looking for? You need to try Alexa (www.alexa.com). Named for the ancient library of Alexandria, Egypt, Alexa is an Internet assistant providing you with intelligent navigation of related sites, site owner with address, phone contact number, the domain's registration date, and how the site ranks in terms of Web visitors, its speed, freshness, number of pages and how many other sites link to it.

The Alexa tool bar sits at the bottom of the browser screen and suggests sites with information related to the current site you are viewing. For example, visiting the VA OSDBU site, Alexa provides links to the OSDBU offices for Defense, State, Interior, and Transportation. Clicking on the "links" button expands the list to includes the Federal Procurement Jumpstation, ARNet, Defense Logistics

Agency, Labor, Education, and the Food and Drug Administration's Enforcement Reports. Jumping to Arnet brings up links to the Federal Procurement Jumpstation, U.S. Business Advisor, Fed World, and GSA.

"The term that seems to be sticking is surf engine," said Brewster Kahle, chief executive of Alexa Internet, which has its headquarters in the Presidio in San Francisco. Kahle also founded the nonprofit Internet Archive of the Web to record the history of cyberspace in 1996. "It's an Internet assistant, like having a really smart friend with you." Surfing with Alexa gives consumers and business people information that helps them make "information trust decisions," according to Kahle.

Alexa will soon have a feature for retrieving dead Web pages (ones yielding the infamous "404 Not Found" message). With a 12 trillion byte archive of pages collected since early 1996, Alexa will be able to "find" some of those "lost" pages.

The intelligence behind the related links feature comes from users. When activated next to our browsers, Alexa anonymously tracks the decisions that we make about what's worthwhile or not, analyzing our Web usage. It calculates the paths that we choose and the time that we spend visiting. Then the information is used in aggregate to help inform future users. It could be called a recommendation engine. Overall Web traffic patterns, link structures and the content of Web pages figure in to the compilation of related links. Usage paths are deliberately kept separate from information that could identify an individual. Alexa says it follows a strict privacy policy ensuring that any information from an individual will not be provided to a third party.

One of Alexa's best features is its price, FREE! Netscape Communicator 4.5 has the Alexa links feature built in to the "What's Related" feature of Smart Browsing. The Microsoft Internet Explorer 4.0 version can be installed in a minute or less. Visit the Alexa web site to learn more and to download your copy today.

#### **FPDS Corner**

by Lisa Russell

October 31 falls on a Saturday. The last day you have to report FY98 data is 7:30 Central Time, October 30<sup>th</sup>. Any FY98 reports submitted after that will reject. During October you can submit both FY98 and FY99 data, so take special care to record the correct report period.

### **Demo Program**

### **Emerging Small Business Set-Asides**

by Sherra Berutto

Last month we discussed Architectural and Engineering Services (AE). This month we will talk about construction and refuse (product service code S205) systems and related services. These are two of the other three Designated Industry Groups (DIGs). The fourth DIG is non-nuclear ship repair which more than likely will not be used by the VA. Construction and refuse systems and related services are to be obtained through full and open competition except those at \$25,000 or less which are to be emerging small business set-asides. Contract actions (other than FSS) for construction and refuse systems and related services under \$25,000 are to be reported on VA Form 10-1399s. Make sure card 4, card columns 77-80 are properly coded.

#### **VISN 18 – VAMC Phoenix**

Security Service for the Ambulatory Care Addition by Jeff Bagford

The Carl T. Hayden VA Medical Center, Phoenix Arizona is in the process of activating our new Ambulatory Care Building. A need arose to have security for the building during the transition from the time the contractor turned the building over to the VA and when it would be open for business. Millions of dollars of equipment, PC's, and furniture were being installed, but the building was not occupied. We turned to the 8(a) program to quickly meet this need.

Robert Yarnell, Contract Specialist, negotiated Contract No. V644P-2366, which became effective August 23, 1998. Under this contract Desert Eagle Security provides physical security for the building, and periodic patrols. According to our Police & Security Department, Desert Eagle Security has provided quality service and been responsive to concerns.

Desert Eagle Intelligence, Inc. is an Arizona corporation dba Desert Eagle Security and has been in business since 1992. It was accepted into the 8(a) program in November 1996 and has had one previous contract through SBA with the US Department of Energy, Western Area Power Administration. The business is a small disadvantaged, Vietnam era veteran owned, and disabled veteran owned business.

I have recently joined the Carl T. Hayden VA Medical Center, and am happy to report that the 8(a) program is alive and well in Phoenix.

## <u>Central Arkansas Veterans</u> <u>Healthcare System</u>

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by Djuna Roberts

The Central Arkansas Veterans Healthcare System negotiated an 8(a) award of a Basic Ordering Agreement with Johnson Associates Systems, Turnersville, NJ 08012 and the New Jersey District Office of the U.S. Small Business Administration to provide a wide range of non-personal engineering, management, and technical support services. The services include, but are not limited to, management, technical, analytical, logistics, information and communications systems, and general engineering services. Also included are design, testing, installation, training, maintenance, documentation, and operations support for telecommunications and information management services such as system/network design. The BOA pricing contains fixed fully burdened labor rates and can be utilized by any VA facility. Maximum order limitation is \$3 million. Additional information for BOA V598P4033 can be obtained by contacting D. J. Roberts, Chief, Acquisition Division, at (501) 370-6631.

## **Cheers To VAMC Indianapolis**

by Chet Vasco

The VAMC Indianapolis, Indiana Acquisition team of highly dedicated and motivated individuals has been working very hard supporting Federal Systems Integration and Management Center (FEDSIM) requirements. These requirements consist of new orders and new contracts awarded as tri-partite agreements between small business firms and the Small Business Administration (SBA). This agreement also allows the Indianapolis VAMC to process FEDSIM requirements through existing contracts or by establishing new contractual instruments. This agreement enabled the Indianapolis VAMC Acquisition team to exceed the socioeconomic goals established for small, minority owned businesses. The establishment of these vehicles to assist other Government agencies in meeting their Information Technology needs, in addition to continuing to support the small business community, is a reflection on the talent, capabilities and commitment of this fine Acquisition Team.

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### **Subcontracting Program News**

by Lynette Simmons

Approval and monitoring of subcontracting plans is the Contracting Officer's responsibility. FAR Change #97-05 changed some of the requirements. We've developed a checklist to aid you in reviewing the plans.

We as an organization need to emphasize to prime contractors that VA is serious about our subcontracting program. That means we want them to establish realistic goals for using small, small disadvantaged and women-owned small businesses. That doesn't mean having contractors submit plans that satisfy only the legal minimum percentages and automatically approving those figures so you can award the contract. You need to put your energy into establishing strong subcontracting opportunities for small businesses. This is especially important for facilities which are regionalizing requirements.

## **Support from the Secretary**

During September, **Secretary Togo D. West, Jr.**, made two pivotal addresses in support of small business programs, giving special emphasis to support for veterans in business. He spoke to both the Congressional Black Caucus and the Congressional Hispanic Caucus about the importance of continuing support to disadvantaged business entrepreneurs and the growth of opportunities as technology expands markets.

## Minority Enterprise Development Week Activities

The week of September 21-24 was declared by the Small Business Administration and the Department of Commerce to be Minority Enterprise Development Week. Scott Denniston represented the Department at the Administration Luncheon, in which senior government officials informed the participants about new directions in small business programs. He later represented VA in a panel on Construction and Architect-Engineer Opportunities. Other OSDBU staff offered counseling to more than 100 small disadvantaged businesses and distributed our new information diskette. Those readers who have represented VA at business conferences in the past had to haul heavy boxes of Forecast materials and other brochures. Now, we provide a 3-1/2" diskette. This changes was well-received by the conference attendees. We will be happy to make the diskette available to you electronically for use in locally sponsored meetings.

Due to space constraints, Hispanic Heritage conferences and the National Minority Supplier Development Conference will be addressed in the November issue.

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### **Coming Next Month**

(You won't want to miss this one!!)

- Native American Heritage Month A Celebration of Business Diversity
- ♦ OSDBU Over the Years
- ♦ Business Across the Borders
- Revised SDB Program Worksheet
- ♦ SBA 8(a) MOU Update
- ◆ NAICS Timetable

Give us your comments – contact us:

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